

**STATEMENT OF PROCEEDINGS
FOR THE REGULAR MEETING OF THE
LOS ANGELES COUNTY AUDIT COMMITTEE
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012**

Thursday, February 18, 2016

10:30 AM

Present: James A. Blunt, Vice Chair Dorinne Jordan and Lori Glasgow

Absent: Member Kieu-Anh King, Member Carl Gallucci

I. ADMINISTRATIVE MATTERS

1. Call to Order. (16-0187)

The meeting was called to order by James Blunt at 10:42 a.m.

2. Approval of the January 21, 2016 meeting minutes. (16-0188)

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

II. BOARD POLICIES

3. Recommendation to extend the sunset review date for Board Policy No. 3.015 - Credit/Debit Card Acceptance Policy, to April 11, 2021 (1/25/16). (16-0712)

On motion of Lori Glasgow, seconded by Dorinne Jordan, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

4. Recommendation to review substantive changes to Board Policy No. 3.060 - Non-Discrimination On The Basis Of Disability, extend the sunset review date to February 17, 2020, and direct the Department to submit the policy to the Board of Supervisors for final approval (2/6/16). (16-0888)

On motion of Lori Glasgow, seconded by Dorinne Jordan, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

III. OLD BUSINESS

5. Recommendation to review changes to Board Policy 3.150 - Emergency Management Implementation Task Force Policy and extend the sunset review date to March 3, 2019 (1/5/16). (16-0365)

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

6. Audit of Probation Department - Welfare and Institutions Code Section 275(b) (12/10/15). (15-5872)

Dorinne Jordan, Second District, requested Auditor-Controller (A-C) to address the two concerns of internal controls and the conflict of interest regarding a lawyer donating funds to staff events. Robert Smythe, A-C, reported that a lawyer that represents kids in Juvenile Hall donated funds to the Juvenile Hall for staff appreciation events; this creates a conflict for staff that report on the same kids. Probation Department (PD) has stopped accepting donations from this individual for staff events. However, donations that will benefit the kids in terms of purchasing school supplies, sports equipment, and such are still accepted, but will have to go through a donation approval process.

In regards to the issue of internal controls, a Master Agreement Vendor followed-up on a report that was done internally by A-C. Because the contractor's review period was a year and a half ago, the contractor repeated the Welfare and Institutions Code Section (WICS) compliance review and follow-up on A-C's recommendations. The contractor still found the same issues of internal control weaknesses in place. PD is working on a plan in resolving the issues, for instance, not leaving deposits in an unsecured inbox; ensuring kiosks issue pre-numbered receipts for reconciliation; issuing receipts; and reducing petty cash fund to a monthly average consumption. Mr. Smythe stated the current

status of all issues is unknown, however, the WICS review and follow-up will be repeated again by a Master Agreement Vendor in the next fiscal year which is required by the WICS code. Mr. Smythe confirmed that this report is dated February 19, 2014; report is one year behind.

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

7. Fiscal Year 2015-16 First Quarter Report on Audit-Related Funding Transferred from General Fund Departments (12/15/15). (16-0073)

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

8. Fiscal Year 2015-16 Charges to Provisional Financing Uses for Board-Directed Assignments/Audits of General Fund Departments (12/15/15). (16-0138)

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

9. Community and Senior Services - Reviews of Workforce Investment Act Service Providers - Fiscal Year 2013-14 Summary Report (12/28/15). (16-0162)

Lori Glasgow, Fifth District, questioned if clients had not received services or not accurately recorded program activities. Don Chadwick, A-C, noted that the report is a summary of all the audits conducted on Workforce Investment Act (WIA) contractors and A-C does not issue individual reports to the Audit Committee if there are no significant findings. Mr. Chadwick also noted that when the A-C reconciled the services that were documented in the case files against what was reported on the contractors' automated system, not all services were accurately reported.

Paul Goldman, Community and Senior Services (CSS), briefly explained their resolution process and reported that a small portion of the total questioned costs was repaid to the County by the contractors. Jason Stempinski, CSS, confirmed that the outstanding unresolved amount belongs to one contractor.

Ms. Glasgow questioned the difference between close-out expenditure and questioned costs. Mr. Goldman clarified that close-out cost occurs at the end of the audit and questioned costs are unsubstantiated expenses and provided some examples. Mr. Chadwick added that one of the audit steps is to generate a close-out report that identifies expenditures from prior years and takes a small sample of the expenditure to see if they are documented.

Mr. Goldman stated that Los Angeles Urban League's questioned costs exceeded the amount reported. CSS worked with A-C, Treasurer and Tax Collector (TTC) and the Chief Executive Officer of Los Angeles Urban League to work out a payment plan for them to pay their vendors over a five month span. CSS validates payments by viewing the Los Angeles Urban League's bank statements and cancelled checks. If Los Angeles Urban League failed to pay, CSS would have TTC collect. Mr. Goldman indicated that CSS, A-C, and TTC worked out the best situation for the County, vendors, and the Board.

Ms. Glasgow requested clarification of the amount listed on column "J" of the chart on the supporting document. Mr. Goldman explained that the amount was the service provider's unpaid substantiated expenditures. If the County could not show the State that it was legitimately expended, the County would be held liable to the State. Since the payment plan was put in place, each payment was substantiated and all vendors have been paid, therefore, the County's liabilities have decreased to zero.

On motion of Lori Glasgow, seconded by Dorinne Jordan, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

IV. REPORTS

10. Institute for Multicultural Counseling and Education Services, Inc. - A Department of Mental Health Service Provider - Program Review (1/15/16). (16-0498)

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

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11. District Attorney's Asset Forfeiture Fund (1/20/16). (16-0706)

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

12. Community and Senior Services - Fiscal Monitoring of Dispute Resolution Program Services for Fiscal Year 2014-15 (1/20/16)(Continued from the meeting of 2/18/16). (16-0710)

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

13. Fiscal Year 2015-16 Cash Flow Projection (1/21/16). (16-0707)

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

14. Audit of the Los Angeles County Regional Park and Open Space District for the Year Ended June 30, 2015 (1/21/16). (16-0708)

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

15. Probation Department - Hiring Practices and Grant Administration (Board Agenda Item 10, April 14, 2015)(1/22/16)(Continued from the meeting of 2/18/16). (16-0711)

Rica Cabigas, A-C, provided an overview of the report and stated that A-C reviewed samples of 10 positions. Since A-C's review had no findings and was a supplemental review to Sjoberg Evashenk Consulting, Inc (SEC), the A-C audit portion was not included in the report.

Dorinne Jordan, Second District, will send her questions for SEC to Arlene Barrera, A-C, and John Naimo, A-C to review. A-C will reach out to SEC to answer questions via meeting or teleconference. Ms. Jordan requested this item be discussed at the Public Safety Cluster meeting with SEC present.

On motion of Dorinne Jordan, seconded by James Blunt, this item was continued to the next meeting and was referred to the Public Safety Cluster meeting.

Attachments: [SUPPORTING DOCUMENT](#)

16. District Attorney's Office - Voyager Card Review (1/29/16). (16-0798)

Robert Smythe, A-C, provided an overview of the report and noted that the District Attorney's Office (DA) is working on tightening up their Voyager Card procedure and A-C is working with Internal Services Department (ISD) to strengthened Voyager Card policy. There is currently a draft of the policy for review that includes the use of automated tools, Fleet Commander System, provided by U.S. Bank. The system will have tailored reports that will allow management to view information on after-hour fill ups, type of gasoline filled, amount filled, etc. ISD and A-C will oversee this system.

James Blunt, First District, questioned which department was previously reviewed for Voyager Cards. Mr. Smythe confirmed that the first review was the Department of Parks and Recreation and the second review is the DA.

In response to questions posed by Dorinne Jordan, Second District, Mr. Smythe confirmed that there are several other departments that have Voyager Cards and will provide the Committee with a list of departments and how many cards each department has; there will be more audits conducted on Voyager Cards in future fiscal years. Mr. Smythe stated that the report was copied to all departments to allow them the opportunity to get in compliance with the new procedure that the A-C is developing. Also, the existing Voyager Card policy in place is ISD's policy; however, it was preferred that the A-C come up with the additions.

John Naimo, Auditor-Controller, was invited by the Chief Executive Officer (CEO) to share particular findings with CEO Department Heads at their next CEO meeting. Mr. Smythe also confirmed that there will be one central County manager that will manage the entire County's Voyager program, but each department is expected to have a point of contact.

In response to questions posed by Mr. Blunt, Mr. Smythe confirmed that the Voyager Card utilizes an employee I.D. number and cards are unique

to the vehicles; the policy does not restrict departments from using different vehicles. The DA has a new Administrative Deputy and has reassigned the Fleet manager. Mr. Smythe stated that DA Voyager Card policy allowed purchases of carwashes. Lori Glasgow, Fifth District, requested the A-C to report back to see if the DA has updated their policy regarding carwashes.

Ms. Jordan requested clarification on the personal portion of the federal fuel excise tax. Mr. Smythe explained that employees are responsible for personal mileage on County take home vehicles and mileage must be tracked and claimed on IRS Form 1040 as taxable income. The DA must then pay the excise tax on the gallon of fuel used for personal use. Mr. Smythe is unsure if employees are given the information, but it can be found in the Fiscal Manual.

Ms. Jordan questioned if A-C plays a role in reviewing all departmental policies. Mr. Smythe confirmed that it is the usual practice and A-C will only review departmental policies in context with an audit.

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

17. Department of Animal Care and Control - Revenue and Collections Review (2/1/16)(Continued from the meeting of 2/18/16). (16-0799)

Lori Glasgow, Fifth District expressed concerns with the Department of Animal Care and Controls (DACC) response to the A-C's recommendation No. 12 and requested A-C to clarify with DACC. Robert Smythe, A-C, conveyed the importance of reconciling receipts and noted that DACC have a sufficient policy in place, however, management may not be enforcing it.

In response to questions posed by the Committee, Mr. Smythe confirmed that Public Health - Restaurant Inspection also collects cash payments and reconciliation on the collected monies should be done daily. An indication of missing monies from field collections would be complaints from clients that have paid fees, but is receiving outstanding bills. Mr. Smythe added that he is unsure if DACC is utilizing any portable devices for electronic payments. Mr. Smythe also stated that he does not know the percentage of cash payments and if DACC have ordered a locking mailbox for each of their care centers, but will email updates to the Committee members.

James Blunt, First District, questioned the reason contracts were not fully executed before the start of the service period. Mr. Smythe clarified that it was due to DACC updating rates and administrative issues.

Dorinne Jordan, Second District, questioned if there was feedback from contract cities regarding the administrative and contracting process. Mr. Smythe stated that he has not heard of any feedback and confirmed that the contract cities had a meeting because the contract was processed through the Master Agreement process.

On motion of Lori Glasgow, seconded by James Blunt, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

- 18.** Department of Health Services - Physician Services for Indigents Programs Claims Adjudication System Review (2/4/16). (16-0872)

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

- 19.** Audit of the Los Angeles County Flood Control District for the Year Ended June 30, 2015 (2/5/16). (16-0899)

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

- 20.** Department of Public Social Services - State Mandated Financial and Compliance Audits of Program Contracts - Fiscal Years 2012-13 and 2013-14 (2/8/16). (16-0900)

Dorinne Jordan, Second District, requested clarification of the schedule included in the supporting document. Robert Smythe, A-C, stated that they contracted with a master agreement contractor to conduct a financial and compliance review of the Department of Public Social Services. There were very few discrepancies; one review will be reported separately.

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

21. Armenian Relief Society of Western USA, Inc. - A Department of Public Social Services Refugee Employment Program and Community Services Block Grant Program Provider - Contract Compliance Review (2/8/16). (16-0901)

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

22. East Valley Community Health Center, Inc. - A Department of Public Health Division of HIV and STD Programs Provider - Contract Compliance Review (2/8/16). (16-0903)

Dorinne Jordan, Second District, expressed concerns with the agency's response on the A-C's recommendation No.4 and questioned what the next step is. Elaine Boyd, A-C, reported that the resolution process is with the Department of Public Health (DPH). DPH will be sending out a demand letter to the agency and start the resolution process.

On motion of Dorinne Jordan, seconded by James Blunt, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

23. HIPAA and HITECH Act Compliance Review - Antelope Valley Mental Health Center and Wellness Center (2/8/16). (16-0906)

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

24. Fiscal Year 2015-16 Second Quarter Report on Audit-Related Funding Transferred from General Fund Departments (2/9/16). (16-0905)

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

25. Fiscal Year 2015-16 Charges to Provisional Financing Uses for Board-Directed Assignments/Audits of General Fund Departments (2/9/16). (16-0907)

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

26. California Hispanic Commission on Alcohol and Drug Abuse, Inc. - A Department of Public Social Services Domestic Violence Supportive Services and Community Services Block Grant Program Provider - Contract Compliance Review (2/9/16). (16-0920)

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

27. Contractor Alert Reporting Database Status Report - February 2016 (2/11/16). (16-0962)

On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

V. DISCUSSIONS

28. Pending Audits/Monitoring Reports. (16-0189)

Robert Smythe, A-C, announced that the report on Proposition 47 is in progress and a 45 day extension will be requested, a total of eight county departments are involved; Sheriff, Probation, District Attorney, Public Defender, Alternate Public Defender, Mental Health, Public Health, Health Services, and two other entities, Superior Court and the Information System Advisory Board (ISAB). The report is projected to be completed by April 2016.

Lori Glasgow, Fifth District, requested the report be presented at the Public Safety Cluster meeting.

John Naimo, A-C, added that he will provide a summary of the report to the County Departments and District offices.

Mr. Smythe, announced that the report on Fairplex is in progress and anticipates that a 60 day extension will be requested.

VI. MISCELLANEOUS

- 29.** Matters not on the posted agenda (to be Presented and Placed on the Agenda of a Future Meeting). (16-0190)
- 29A.** There was a request to add two closed sessions items to the next meeting Agenda. (16-1359)
- 30.** Public Comment. (16-0191)

No members of the public addressed the Committee.

- 31.** Adjournment. (16-0192)

There being no further business to discuss, the meeting was adjourned at 11:54 a.m.